

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
SEPTEMBER 19, 1995
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on September 19, 1995 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey and Thomas Swoik, Chief Legal Counsel Mareile Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. and the Board immediately adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matter:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Personnel Matters
5. Closed Session Minutes

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 9:02 a.m.

The Illinois Gaming Board reconvened in Open Session at 12:43 p.m. Four of the five member Board being present, a quorum was satisfied.

Chairman Johnson recognized J. William Roberts who tendered his resignation as a Member of the Board, pursuant to his appointment as Governor Jim Edgar's Chief Legal Counsel.

Member Vickrey moved that the minutes from the open and closed sessions of the July 17 and July 18, 1995 regular meeting be approved. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts for July and August were \$107 million and \$103 million respectively. Elgin Riverboat Resort recorded the highest AGR total among licensees during each month. For the third successive month, the number of individuals who had been requested for identification increased.

The Administrator reported that as of July 1 formal procedures were implemented to sanction licensees for failure to timely report taxes due and remit taxes daily. The sanction for failure to remit is 15% on the tax liability. There were three instances in the past two months where three licensees did not adhere to the required procedures. Penalties were set and payment was rendered. A fourth licensee had an instance of late filing. The automatic penalty was appealed by the licensee and granted by the Administrator. It was determined that the error was made by the telephone carrier.

The Administrator reported that Sterling "Mac" Ryder was hired as an addition to the legal staff. Kevin Lockhart was hired as Chief of the Audit Division and Doug O'Brien was hired as Coordinator for Research and Analysis to look into the economic impact of gaming in Illinois.

The Administrator reported that the Attorney General upon the request of Senator James "Pate" Philip, issued an advisory opinion with regard to the question of whether or not a riverboat license could be moved from one geographical location to another. The opinion concludes that the IGB lacks the authority to approve relocation of a licensee. The opinion further states that after a license expires there would have to be competition for the existing license.

The Administrator lastly reported on a Congressional Hearing to be held by Representative Wolf on September 29, 1995 in Washington D.C. to consider a proposed resolution that would commence a study by Congress to examine gambling and gambling regulation.

Chairman Johnson moved that the October 17 Board meeting date be changed to October 24 and the November and December meetings be combined to one date, December 5, 1995. There were no objections.

The next order of business was Items Concerning Owner Licensees.

Richard Knight, representing the Hollywood Casino Aurora, Inc., requested approval of a refinancing plan, an underwritten public offering of senior secured notes due in 2003. The offering would be by Hollywood Casino Corporation. The majority of the funds (\$200 million offering) will be used to refinance Hollywood Casino Corp.'s existing debt.

Al Cohen, Ed Pratt III, and David Solomon of HCC answered questions from the Board regarding the refinancing deal.

Member Pyatt moved that the Board approve Hollywood Casino's refinancing proposal substantially in the form described in amendment No. 1 to the registration statement on Form S-1/S-3 filed by Hollywood Casino Corporation with the Securities and Exchange Commission on September 13, 1995. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

John Janicik, representing the Par-A-Dice Gaming Corporation requested approval for an expansion of the fourth deck of its riverboat and an increase in gaming positions.

Chairman Johnson stated that the Par-A-Dice is the first licensee to request approval of poker tables. Due to the various issues surrounding Poker, Chairman Johnson asked the Administrator to further review this request. Board Members expressed a reluctance to approve Par-A-Dice's request of gaming positions dedicated to Poker at this time.

Member Browder moved that the Board waive the two meeting rule. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey moved that the Board approve Par-A-Dice Gaming Corporation's request to increase the capacity of its riverboat and increase the number of gaming positions on the Par-A-Dice Riverboat, subject to the approval by the Administrator of any required changes to the Internal Control System or changes in surveillance deemed necessary by the Administrator. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Dennis Gallagher, representing Harrah's, introduced Mr. Patrick Dennehy as the new Vice President and General Manager for Harrah's Joliet. Mr. Gallagher requested approval for the Harrah's Southern Star to be replaced with another riverboat vessel of comparable size and design.

Member Browder moved that the Board approve Harrah's request to replace the Southern Star with a new vessel, subject to the approval by the Administrator of required changes to Internal Control Systems and Surveillance, and subject to equipment transfer requirements and procedures deemed necessary by the Administrator. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board approve Boake Sells as a member of the Board of Directors of Harrah's Illinois Corporation. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business was Proposals for Initial Consideration.

Tom Long, representing the Alton Gaming Company, requested that the Alton Gaming Company's license be renewed for one year. Mr. Long further requested approval to refinance at the Argosy Gaming Corporation level for \$150 - \$200 million. Mr. Long indicated that they will be upgrading the facilities in Alton to triple the size of the support facilities in Illinois.

Jack Desatnick, representing Jumer's Hotel and Casino, requested permission to continue talks with Boatmen's Bank to refinance Casino Rock Island. This refinancing

would lift the \$12 million debt from the Casino Rock Island and assign it to Jumer's Castle Lodge.

The next order of business concerned Supplier's Licensure Items.

Member Pyatt moved that the Board approve Kilmartin Industries' application for renewal of its Supplier's License. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Administrator Belletire gave a report on National Gaming Corporation's ("NGC") proposed acquisition of the Par-A-Dice Gaming Corporation. He indicated that the agreement between these two company's expired on August 31, 1995. The Administrator stated that the agreement had not been renewed due to questions remaining between staff of the IGB and NGC. Related to this, HFS Gaming Co. requested Board approval to withdraw their request for a supplier's license. The license was sought solely in conjunction with the proposed acquisition of Par-A-Dice by NGC.

Member Pyatt moved that the Board approve HFS Gaming's request to withdraw its application for a Supplier's License. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board approve Charles McCrea as a Key Person of Mikohn Gaming Corporation. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licensure.

Member Browder moved that the Board adopt the staff recommendations and approve the applications for an Occupational License, Level 1, submitted by the following:

Randall Curtis
Mark DeBarr
Timothy Donovan
James Ervin
Philip Ozment

Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board adopt the staff recommendations and approve 394 applications for an Occupational License, Level 2, and 790 applications for an Occupational License, Level 3, and deny 6 applications for an Occupational License, Level 2, and 21 applications for an Occupational License, Level 3.

Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny the application for an occupational license for Fred Woolery. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and grant the application for an occupational license for Thomas Company. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the recommendation of the Administrative Law Judge and revoke the license of Anthony Matthews. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board grant Dwayne Barfield's request to reapply within one year from the date of his denial. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Actions.

Member Browder moved that the complaint for disciplinary action against Empress River Casino Corporation be issued and that Empress be fined in the amount of \$50,000. The complaint involves the entry of a fifteen year old into an area of the Empress I where gambling was being conducted and the placement of a wager on the Empress I by this minor. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey moved that the complaint for disciplinary action against Casino Queen, Inc. be issued and that Casino Queen, Inc. be fined in the amount of \$25,000. The complaint involves Casino Queen's failure to comply with its Corrective Action Plan submitted to the Board. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the complaint for disciplinary action against Rock Island Boatworks be issued and that Rock Island be fined in the amount of \$50,000. The complaint involves the Casino Rock Island's failure to maintain and operate its vessel in a manner that assured the welfare and safety of its patrons. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey moved that the complaint for disciplinary action against Richard Kulpa be issued and that Mr. Kulpa's license be suspended for 90 days. The complaint involves Mr. Kulpa's failure to assure that the Casino Rock Island had adequate fuel to complete its cruise. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the complaint for disciplinary action against Wally Jimenez be issued and that his license be revoked. The complaint involves his inappropriate conduct while gaming on the Harrah's riverboat. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the complaint for disciplinary action against Susan Brooks be issued and that her license be revoked. The complaint involves her inappropriate conduct while gaming on the Harrah's riverboat. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey moved that the complaint for disciplinary action against Darryl Alexander be issued and that Mr. Alexander's license be revoked. The complaint involves Mr. Alexander's ineligibility to possess an occupational license due to his criminal background. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the complaint for disciplinary action against Esther Martinez be issued and that her license be revoked. The complaint involves her ineligibility to possess an occupational license due to her criminal background. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the complaint for disciplinary action against Vicky Denzmore be issued and that her license be revoked. The complaint involves her ineligibility to possess an occupational license due to her criminal background. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Member Vickrey moved that the complaint for disciplinary action against Terry McAntire be issued and that Mr. McAntire's license be revoked. The complaint involves Mr. McAntire's conduct while gaming on the Harrah's riverboat. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Board Policy Items.

Peter Bensinger, representing Bensinger, DuPont & Associates, gave a status report on the Illinois Gaming Board's "Gaming Awareness and Assistance Initiative". He outlined the treatment inventory that was produced as a survey which indicated the number of qualified treatment professionals. He discussed the three day and one day training programs for these treatment professionals. He indicated that Bensinger, DuPont & Associates will be briefing the owner licensees, IGB staff and other state agencies who are impacted with the problems of gambling addiction. Mr. Bensinger also recommended

the items outlined above be complemented with increased public awareness. He also recommended that an information line be established so that the resources within the state of Illinois can be contacted. Member Vickrey expressed his concern about the potential problem of duplication of efforts with existing toll-free phone banks to assist compulsive gamblers. He encouraged a uniform Illinois 800-number service.

Member Browder complimented Mr. Bensinger on the report and the industry for its cooperation. He also expressed his concern reference the credit that is extended to patrons and what the affect is on compulsive gambling. Member Pyatt indicated that she would like to see the licensees take the initiative in addressing some of the recommendations that are in the report. Chairman Johnson pointed out that the Governor in signing HB1270 indicated that responsibility for coordinating the compulsive gambling initiative has been given to DASA and that the funds should come from the industry. Chairman Johnson asked the Administrator to meet with owner licensees to get their input.

Deputy Administrator Joseph C. Haughey updated the Board on underage gaming and asked for authorization to move forward with legislation that would amend the Riverboat Gambling Act in the prohibited activities section.

Member Pyatt moved that the Board adopt the following resolution:

WHEREAS the Board wishes to eliminate underage gambling on the riverboats, and

WHEREAS, the Riverboat Gambling Act currently does not provide a penalty for persons under the age of 21 years who without authority enter upon an area of a riverboat where gambling is being conducted;

NOW THERE FOR BE IT RESOLVED, that the Board shall direct the Administrator to prepare and submit proposed legislation to the general assembly at its next session.

Such proposed legislation, to be added to Section 10/18 of the Riverboat Gambling Act, would make unauthorized entry to a riverboat casino by a person under age 21 a petty offense.

Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Draft Rules.

Mareile Cusack, Chief Legal Counsel, discussed the subject and intent of various draft rules.

Member Pyatt moved that the Board approve the proposed Rules 3000.230, 3000.236 and 3000.241 for submission as an initial filing with the Office of the Secretary of

State. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Ms. Cusack further discussed the proposed rule changes for a second submission for a 45 day period to JCAR. Member Vickrey asked that in the future a format be submitted to the Board showing the draft rule, the public comments and the changes made to the proposed rule.

Administrator Belletire suggested holding the proposed rules for the next Board meeting to supply Member Vickrey with the information he requested reference rules: 3000.300, 3000.310, 3000.320, 3000.500, 3000.510, 3000.614, 3000.616, and 3000.636. The Board concurred.

Member Browder moved that the Board adopt the following resolution:

WHEREAS, under Section 5 of the Illinois Riverboat Gambling Act, (Act) the Board may delegate the execution of any of its powers for the purpose of administering and enforcing this act and its rules; and

WHEREAS, under Section 5 of the Act, the Administrator shall perform any and all duties that the Board shall assign him; and

WHEREAS, under Board Rule 3000.230(d), an applicant or owner licensee must disclose and obtain formal Board approval whenever a change is proposed in the areas specified under the above-referenced rule;

NOW THEREFORE BE IT RESOLVED that the Administrator shall be authorized to approve the following proposed changes:

1. The establishment of unsecured operating lines of credit from nationally chartered banking institutions to cover short-term cash needs;
2. Renewals of lines of credit which have been previously approved by the Board;
3. Increases in equity caused by additional contributions from existing owners;
4. Minor and/or technical changes in terms or conditions of debt capitalization or financings previously approved by the Board.
5. Capital leases for real or personal property which do not exceed five million dollars;

6. Long term capital improvements of \$5 million or less, including project-related financings to such improvements;
7. Riverboat capacity, design change and gaming positions.

Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Blackjack Win Cards.

Administrator Belletire informed the Board that he was requested by Gaming International, Inc. to approve the use of three types of devices: blackjack, roulette and craps Win Cards. The Administrator reported that he gave approval for the use of Roulette Win Cards and Craps Win Cards. He stated that these cards do not instruct the player, they give odds of winning or the amount a person will win if he makes a particular bet. The Administrator further stated that he did not approve the Blackjack Win Cards because the device analyses the strategy of a game which the Act prohibits. The Board agreed with the Administrator and asked that he solicit input from the licensees on their need for this device.

The next order of business concerned Wide Area Progressive Slot Machines.

Chairman Johnson stated that inquiries have been made asking if the Board would approve progressive slot machines that would allow licensees to link (across licensees) a progressive slot type of operation. Member Browder stated that he is not partial to such an operation. Chairman Johnson expressed various concerns and questions about the nature of such an operation. Chairman Johnson instructed the Administrator not to dwell on this issue unless a specific person or group came forward requesting approval.

The next order of business concerned Public Comment.

Reverend Tom Grey, asked to speak to inform the Board of two issues. The first was to reiterate Administrator Belletire's comments on the Congressional Hearing being held September 29, 1995 and inform the Board that he would be speaking on behalf of the National Coalition Against Legalized Gambling. The second issue referenced a line from Peter Bensinger's report that was quoted in the St. Louis Post Dispatch which stated that "Efforts should be made to promote gaming as an entertainment option as opposed to gambling." Mr Grey stated that he felt this statement minimized the addictive nature of gambling by saying it was an entertainment option and he was opposed to this type of thinking.

There being no further business to come before the Board, Member Browder moved that the Board stand adjourned. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 3:25 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board